

Meeting Minutes June 19, 2003

Town of Los Altos Hills City Council Regular Meeting

Thursday, June 19, 2003, 6:00 P.M.
Council Chambers, 26379 Fremont Road

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Fenwick called the Regular Meeting of the City Council to order at 6:03 p.m. in the Council Chambers at Town Hall.

Present: Mayor Fenwick, Mayor Pro Tem Cheng, Councilmember Kerr and Councilmember O'Malley

Absent: Councilmember Warshawsky

Staff: City Manager Maureen Cassingham, City Attorney Steve Mattas, Planning Director Carl Cahill, City Engineer/Director of Public Works Mintze Cheng, Administrative Services Director Sarah Joiner and City Clerk Karen Jost

Press: Tim Seyfert, Los Altos Town Crier and Christina Bellantoni, Palo Alto Daily News

1A. COUNCIL REORGANIZATION

Councilmember O'Malley thanked Bob Fenwick for his valuable leadership as Mayor. O'Malley nominated Mayor Pro Tem Emily Cheng for Mayor noting that she was very deserving of the position having "experienced" the election process twice.

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Kerr and passed unanimously to elect Emily Cheng as Mayor.

Mayor Cheng thanked Bob Fenwick for his Mayoral tenure. In appreciation of his service, the Mayor presented Fenwick a framed plaque with a replica of the Council Chamber's stained glass window.

Fenwick commented that his term as Mayor has been similar to the expression describing March... "roared in like a lion and went out like a lamb." Fenwick added that he was pleased to have been able to bring one of his four Mayor's Goals to fruition. Mayor Fenwick expressed his pleasure with the positive working relationship he had during the past year with Town staff. He added that he sincerely cares for the staff and appreciates their positive attitudes, sensitivity to the wishes of the residents and great senses of humor.

Mayor Cheng thanked Council, staff and the residents for their support and the honor of being elected Mayor and added that Los Altos Hills is the Town we all love and she will work diligently to have it remain the Town we all love.

Mayor Cheng outlined her Mayor's Goals for the upcoming year. Her primary goal will be to find a permanent solution to the problems with the Town's drainage systems. Because Los Altos Hills is a hillside community, the Town has been plagued with problems for many years. Cheng added that during her term as a Planning Commissioner, she received numerous complaints from residents about drainage issues. The solution has often been just a localized quick fix of the problem. Mayor Cheng proposes a thorough town wide study of storm water drainage.

Mayor Cheng's second goal will be to organize a trip to China. She would like to visit several major cities and to explore the business opportunities of the region. Because of the SARS epidemic, Cheng will revisit this goal Spring 2004.

Cheng added that for the remainder of her goals, she would work to finalize Fenwick's goals; to break ground for a new Town Hall, to underground the utility wires in Los Altos Hills and to complete the process for an accurate Master Pathway Map.

Toni Casey, former Councilmember, addressed Council from the floor. She acknowledged that Mayor Cheng would be the first Asian Mayor in Los Altos Hills. Casey congratulated Cheng, and added that it was a pleasure to work along side Mayor Cheng when she served on the Council, and declared Cheng will be a remarkable Mayor.

Mayor Cheng nominated Councilmember Mike O'Malley to serve as Mayor Pro Tem.

MOTION SECONDED AND CARRIED: Moved by Cheng, seconded by Fenwick and passed unanimously to elect Councilmember Mike O'Malley Mayor Pro Tem.

CLOSED SESSION: Conference with legal counsel pursuant to Government Code Section 54956.9 regarding a potential claim by Nancy Horton against the Town.

Councilmember Fenwick requested that this item be moved to Meeting Agenda Item 12. Closed Session to allow Nancy Horton an opportunity to speak before Council considers any action.

Council concurred.

2. APPOINTMENTS AND PRESENTATIONS

None

3. PLANNING COMMISSION REPORT

Planning Director Carl Cahill reported on the Planning Commission meeting of June 12, 2003. Cahill reported that there had been a number of items reviewed at this meeting. A Conditional Use Permit for AT&T Wireless was recommended for approval by the Commission and will be forwarded to Council for final review and approval at their next meeting. Cahill added that additional approvals included: Lands of Shimmon, a site

development permit for a pool and landscaping; Lands of Wadhwani a site development permit for a landscape screening plan; Lands of Zaghi, a site development permit for a 2,349 square foot major addition; and Lands of Spirtos, a site development permit for a new driveway.

4. CONSENT CALENDAR

Items Removed: Item 4.1 (O'Malley), 4.4 (City Engineer Cheng), 4.6 (Kerr)

Mayor Cheng noted that Item 4.3 Approval of Quarterly Interest Report has been continued to the Regular City Council Meeting of July 17, 2003.

MOTION SECONDED AND CARRIED: Moved by Fenwick, seconded by O'Malley and passed unanimously, to approve the remainder of the consent calendar, specifically;

- 4.2 Review of Disbursements: 05/29/2003 – 06/11/2003 \$174,250.28
- 4.5 Approval of an Ordinance Amending the Municipal Code Title 6 “Sanitation and Health” by adding a new Chapter entitled “Wood Burning Appliances”
- 4.7 Award of Contract for Fiscal Year 2002-2003 Sewer Repair and Rehabilitation Reso# 36
- 4.8 Approval of Agreement with Telecommunications Management Corporation for Cable Television Franchise Renewal Consulting Services Reso# 37
- 4.9 Consideration of Sewer Reimbursement Agreement between the Town of Los Altos Hills and Epstein and McCreary
- 4.10 Approval of Extension of Agreement with Du-All Safety for the Town's Safety Program Reso# 38
- 4.11 Approval of Extension of Agreement with the City of Palo Alto for Information Technology Support Services Reso# 39
- 4.12 Approval of Resolution Regarding Statewide Adoption of International Codes (Building) Reso#40

Items Removed:

- 4.1 Approval of Minutes: Regular City Council Meeting June 5, 2003

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Fenwick and passed unanimously to approve the minutes of the June 5, 2003 Regular City Council Meeting as amended with the following corrections: page 4, paragraph 6, should read, “saw the ordinance as a first step in the Town being a good citizen regarding Bay Area air quality”; and page 12, paragraph 3, should read, “The Board discussed a special election to be held in March, 2004 for a County-wide parcel tax. The present tax will sunset in 2005 and they are considering requesting a new parcel tax that will be in the range of \$34- \$68.”

- 4.4 Acceptance of Grant of Pedestrian and Equestrian Easement-

City Engineer Mintze Cheng requested a continuation of this item to the next City Council meeting scheduled for July 17, 2003 to correct the erroneous address on the posting.

Council concurred.

4.6 Award of Contract for Fiscal Year 2002-2003 Street Rehabilitation Projects
Reso#34 and Reso#35

Councilmember Kerr asked staff if this contract was appropriate considering the fiscal limits of the proposed budget.

City Engineer Cheng explained that this contract is being paid from the previous approved budget of FY 2002-2003.

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Kerr and passed unanimously to award the contract for Fiscal year 2002-2003 Street Rehabilitation Projects.

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Kerr and passed unanimously to reconsider Consent Calendar Item 4.8 Approval of Agreement with Telecommunications Management Corporation for Cable Television Franchise Renewal Consulting Services at the request of resident Jim Abraham.

Jim Abraham, 12831 Viscaino Road, questioned the value of the agreement for the scope of services and the cost of the travel time as outlined in the agreement. Abraham also wanted assurances that the negotiations would include the consideration of Comcast being responsible for undergrounding their wires if the Town proceeds with undergrounding of utilities.

City Manager Cassingham explained that the travel time was a not-to-exceed charge for the total project allocation of \$30,000 that was agreed to by Council at their last City Council Meeting. The participation in undergrounding will be addressed in the negotiations with Comcast.

5. UNFINISHED BUSINESS

5.1 Update on Mayor's Goals

Mayor Cheng explained that tonight's update would focus on former Mayor Fenwick's goals.

(1.) New Town Hall

Councilmember Kerr reported that the contract for the architect of record for the new Town Hall will be considered tonight as Item 5.2.

(2) Undergrounding of Utilities

Duffy Price, 26435 Anacapa Drive, Ad Hoc Undergrounding Committee member represented Councilmember Warshawsky in his absence and updated Council on the progress that has been made by the Committee to date. She reported they would be submitting an augmented budget request this evening. The Committee is seeking additional funds for consulting services from R.W. Beck and is presently refining the marketing survey and educational component of their budget. Council had before them a detail of the Committee's budget request.

Mayor Pro Tem O'Malley clarified that this request would only be a line item in the Town's FY 2003-2004 Budget and the Undergrounding Committee would return to Council for approval of each segment and expense. Price concurred.

Jim Abraham, 12831 Viscaino Road, Ad Hoc Undergrounding Committee member addressed Council. He explained that the previous substantial costs for consulting services from R.W. Beck also included legal fees. Abraham noted the Beck consultants have been very helpful during the most recent investigation of Undergrounding of Utilities. They have provided their services pro bono. Abraham added that there is still a great deal of information to be harvested from the consultants. He feels that some of the tasks outlined in the revised budget request could be done in-house to reduce costs.

(3) Accurate Pathway Map

Dot Schreiner, 14301 Saddle Mountain Drive, reported that they are continuing to meet every Friday and she thanked Council for the additional time to complete the review of the pathway map.

(4) View Protection Ordinance

Adopted June 5, 2003

5.2 Consideration of Agreement between Peter Duxbury, Duxbury Architects and the Town of Los Altos Hills for Architectural Services for the New Town Hall

City Manager Maureen Cassingham summarized this item for Council. She noted that on May 15, 2003, the City Council directed staff to work with Councilmember Kerr, New Town Hall Committee Chair and Peter Duxbury, Duxbury Architects, on a proposed agreement for architectural services for Council consideration on June 5, 2003. Because of time constraints, it was determined that the Town and Mr. Duxbury would work from the 1997 Edition of the AIA Standard Form of Architect's Services. There was an agreement by the parties on eight key issues that were presented to Council at their June 5 Meeting. The items ranged from basic scope of services, basic fee on a not-to-exceed basis, type of insurance to be carried by the architect and the architect's standard of care. Because there was not time to incorporate those issues into the 1997 Edition for Council to act on June 5, they directed staff to bring back the final form of the agreement incorporating those components for action at tonight's meeting.

Cassingham clarified that the agreement before Council is in its "final form". There are three outstanding issues that staff would like Council to be aware of and provide direction to staff, specifically; the Architect's claim-made insurance policy versus the occurrence-based policy that is better protection for the owner, the scope of the

Architect's services has been modified to delete the Construction Management Services which will be separately contracted by the Town with a construction management firm having public project expertise and finally, the Town proposes to include language suggested by the Town Hall Committee Chair to better define the Project Team.

Councilmember Kerr explained that the language he has suggested for the Agreement is similar to one that he uses with his clients that permits a point person or team to answer questions.

Councilmember Fenwick recommended that Mayor Cheng and Councilmember Kerr act as the point team during the design phase.

Mayor Cheng agreed to serve in this capacity noting that this was a very important project.

City Attorney Steve Mattas explained that the future agreement with the Construction Manager would contain language that specifies the duties of the construction manager and the scope of the authority that they would have if an issue were to arise during construction. If the question were beyond his/her scope of authority, it would be necessary to return to Council for the answer.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by O'Malley and passed unanimously to approve the Agreement between Peter Duxbury, Duxbury Architects and the Town of Los Altos Hills for Architectural Services for the New Town Hall with the following amendments: during the design phase of the new Town Hall project, the Mayor and Chair of the New Town Hall Committee will serve in the capacity of the point team and have the authority to answer questions that might arise from the architect and to request the architect to guarantee that he will maintain liability-based insurance for three years if it is reasonably commercially available.

6. NEW BUSINESS

6.1 Acceptance of Matrix Consulting Group Report on Planning and Building Departments

Planning Director Carl Cahill introduced this item to Council. He presented Council with a brief overview of the staff report they had before them. The City Council authorized the award of bid for consulting services to the Matrix Consulting Group to conduct an analysis and review of the Planning and Building Department's customer service operation on February 20, 2003. This request for an independent analysis by the Planning Director and City Manager was consistent with the other recently conducted Town departmental reviews intended to improve customer service levels and identify and correct areas of organizational inefficiency. The Matrix report confirms that the Town is currently operating with a high degree of efficiency. However, the report cites numerous minor areas and several major areas in which the Planning and Building Departments could make significant improvements in terms of personnel and operational efficiency. Cahill noted that the summaries of recommendations of the Matrix report have been separated from the main body report and were the first attachment after the staff report.

Gary Goelitz, Vice President Matrix Consulting and author of the report, addressed Council. His firm has worked with a wide range of cities including the Cities of Riverside, Napa and Palo Alto in reviewing similar departments. The firm is local and based in Palo Alto and as a matter of record did not charge out any expenses for this report.

Goelitz explained that the review did identify a number of positives with the Building and Planning Departments and they are detailed for the Council on pages 2 and 3 of the report.

Goelitz outlined some of the areas of improvement that he would encourage the Town to address specifically: the problems with the adequacy of space within the Town Hall; building permit plans should be checked in a concurrent manner; the Building Division should provide zoning clearance for minor building permit plans - this would require the expansion of duties of the Building Technician and is a critical component of this recommendation; the Filemaker Pro database system should be enhanced and used to set target times for the processing of building permit applications; the Engineering Division should plan check building permit plans that require their expertise; the practice of job sharing for the Building Technician should be eliminated and the duties should be expanded with the position being reclassified as Planning/Building Technician; the Chief Building Official should be utilized to plan check a wider range of building plans; the Town should consider utilizing a more progressive building valuation for fees as suggested by the International Codes Council; the Assistant Planners should meet with the applicant to discuss issues that have been found during the initial review of the application, and one of the professional planning positions should be upgraded to a Senior Planner.

Cahill clarified for Council that the findings of the report support the merger of the Fast Track Program and the Site Development Hearing Process. Lot Line Adjustments would be included in the scope of applications that would be reviewed by this program. The landscape plans that are presently being reviewed by the Planning Commission are extraordinary in nature i.e. Lands of Wadhvani is landscaping for a 12,000 square foot residence and would still be forwarded to the Planning Commission for approval.

City Manager Cassingham explained that Town staff is addressing the issue of the revised fee schedule to adjust the appropriate building and planning fees. She and Joiner are in the process of a fee analysis and scheduling the appropriate public hearings.

Councilmember Fenwick asked Goelitz what action he would expect the Council to take in response to his recommendations. Goelitz responded that he would suggest that Council direct the City Manager and Planning Director to proceed in implementation. Goelitz added that all of the recommendations are prevailing operating practices in municipalities similar in size to the Town.

City Manager Cassingham added that it is the intent of staff to include the position of Senior Planner in the Town's organizational chart and hold the position open until finances and the workload warrant filing the position.

OPENED PUBLIC COMMENTS

Maurice Johnson, Director Purissima Hills Water District, expressed his concern that over the counter approvals of landscaping would not take into consideration the amounts of water that would be required to maintain the proposed landscaping.

John Harpootlian, 26435 Anacapa Drive, questioned the necessity of increasing the size of the staff with the number of permits being issued declining. He believes a better solution than raising fees is for the staff to run more efficiently.

CLOSED PUBLIC COMMENTS

Goelitz noted for Council that the number of permits being issued and inspections being performed have not dropped precipitously. Council by adjusting the valuation fee for building permits will simply be recovering the costs for plan check and inspections that are now being underwritten by the General Fund.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by Fenwick and passed by the following roll call vote to direct staff to implement the recommendations outlined in the Matrix Consulting Groups report evaluating the Building and Planning Departments and request that staff return to Council with implementation status reports. The City Manager is directed to terminate the service Agreement with the Los Altos Hills County Fire District pursuant to the conditions of the Agreement.

AYES: Mayor Cheng, Mayor Pro Tem O'Malley, Councilmember Fenwick and Councilmember Kerr
NOES: None
ABSENT: Councilmember Warshawsky
ABSTAIN: None

6.2 Consideration of a Request for Council Creation of a "Cow Bell" Committee to Reinstate a Public Elementary School in Los Altos Hills – John Swan

John Swan, Chairman – Committee to Save Bullis School, 12301 Burke Road, addressed Council. He explained that the last public school in Los Altos Hills was closed on June 13, 2003 and this was done by an outside entity. The Los Altos School Board is composed of five elected officials and none reside within the Town's boundaries. For this reason, he is asking for Council's assistance in exploring the different options to bring public schools back to Los Altos Hills. Swan introduced Peter Evans to Council for the purpose of presenting an historical overview of public schools in Los Altos Hills.

Peter Evans reported that in the late 1940's the Los Altos School District had one school, San Antonio School with a student population of approximately 1,000. At that time, the District embraced the "neighborhood school" approach to education and established 3 new schools in Los Altos and one school in Los Altos Hills. By 1959, there were 11 new schools in Los Altos but no additional schools were built in Los Altos Hills. Approximately 600 students from Los Altos Hills were being bused to schools in Los Altos. Eventually four schools were constructed in Los Altos Hills and today with the

closure of Bullis School, history is repeating itself. The Town once again has no public school.

John Swan explained that he was before Council tonight to ask their assistance in exploring the different options to bring public schools back to Los Altos Hills. He described the public schools as “ the heart of the community” and now the Town is “without a heart.” Swan asked Council to consider forming an Ad-Hoc Committee with seven members to oversee this task. He added that time is of the essence.

OPENED PUBLIC COMMENT

Alexander Atkins, 26990 Orchard Hill, member of the Charter School Foundation addressed Council. He noted that the two groups addressing Council this evening are different but both have the same intent – bringing a public school to Los Altos Hills. Atkins explained that the School District has been very contentious during the closure process of Bullis School. He expressed his belief that public education has become a national problem and suggested several books for Council to read on the subject including “The Worm and the Apple”.

CLOSED PUBLIC HEARING

Councilmember Fenwick, in response to the request from John Swan to form an Ad-Hoc Committee, commented that in his opinion this was beyond the scope of the City Council. Fenwick added that he did not have the sense of support from his constituents for the action being recommended by Mr. Swan for the Town to form a school district. His neighbors are served by the Palo Alto School District and are very happy with the education they are receiving.

Mayor Pro Tem O’Malley voiced his disappointment that there is no longer a public school in Los Altos Hills. The pathway system was established to permit children to walk to school and now we are a community of approximately 8,000 residents without a school. O’Malley added that he supports the request of the group to have Council form a committee and to fund them. He considers a community school an important asset to Los Altos Hills.

Councilmember Kerr stated that he believes the proposal before Council calls for the formation of a Committee. He hoped it would be formed with a good representative balance from all areas within the Town. Council is not voting on the establishment of a charter school or forming a school district but voting on forming a committee to investigate bringing schools back to Town.

John Swan, 12301 Burke Road, clarified that there is no request at this time from his group for funding.

Councilmember Fenwick reiterated his position on the formation of a Town Committee for this project. He suggested that a “Citizen’s Group” would be more productive. Town Committees actions are often restricted and they are not permitted to speak for the Town without prior Council approval and this can be very limiting.

Councilmember Kerr explained that it has been difficult for citizen's to negotiate with the School District.

Mayor Cheng expressed her support for having a public school in Town. Cheng believes, however, it is important to have a clear understanding of the wishes of the residences before forming and funding a new Town Committee. Many residents are happy with their prospective school districts and their opinions should be heard. Cheng agreed with Fenwick that a Citizen's Group would better serve this request.

Council discussion ensued. It was determined that this issue should be heard by the full City Council.

PASSED BY CONSENSUS: To continue Agenda Item 6.2 Consideration of a Request for Council Creation of a "Cow Bell" Committee to Reinstate a Public Elementary School in Los Altos Hills to the next Regular City Council Meeting of July 17, 2003.

6.3 Consideration of Appointment of a Council Liaison to the Supporters of Westwind Community Barn

Carolyn Appel, 27575 Black Mountain Road, Director of the "Supporters of Westwind Community Barn". Appel explained that the nonprofit group has been formed to support Westwind Barn as an asset for the community and the mission of the Supporters of Westwind Community Barn is to restore and maintain Westwind Community Barn in perpetuity; to provide environmental, educational, and arts programs at the site; and to protect and preserve the natural environment of the site and open space. Appel, on behalf of the foundation, was seeking a Council Liaison to keep the communications open with the Town..

Following Council discussion it was determined that Councilmember Warshawsky had a "real property conflict" and could not serve.

MOTION SECONDED AND CARRIED: Moved by Fenwick, seconded by Kerr and passed unanimously to elect Mayor Pro Tem O'Malley as the Council Liaison to the Supporters of Westwind Community Barn.

7. REPORTS FROM COMMITTEES, SUB-COMMITTEES, AND COUNCILMEMBERS ON OUTSIDE AGENCIES

Councilmember Fenwick reported that he had attended the Community Relations Committee Meeting. The Committee spent several hours analyzing the recent Town Picnic and looking for areas of improvement. Fenwick noted that they would be truly challenged to produce a better event than this year's successful affair. The Committee reported that approximately 1100 attended at a cost of \$14,836.49. The Committee is now focusing on the newcomer's reception in the Fall and Duffy Price was praised for another colorful edition of the Town's newsletter.

Councilmember Kerr reported on the 7-11 Committee. He summarized for Council that there is a potential opportunity for the Town to expand their Parks and Recreation facilities by leasing the upper four acres at the Bullis school site. This may be available to the Town for a low or no cost long-term lease. The Parks and Recreation Committee are reviewing the options of using the area as playing fields. The School District is looking for a proposal letter from the Town during the summer.

Mayor Pro Tem O'Malley reported that he had attended a Santa Clara Valley Water District meeting. The good news is there will be water this year but the cost will be going up by 20%.

Mayor Cheng reported that she had attended Parks and Recreation Committee Meeting and the Committee Co-Chair Rebecca Hickman will report.

Rebecca Hickman stated that the Summer Programs are all doing very well with a special thanks to Parks and Recreation Supervisor Jimmy Forbis. The Committee is now focusing on two proposed all sports courts to be located at the Town Horse Ring for community use and recreation programs. They are also investigating Park Bond funds as a resource. Hickman added that they are reviewing establishing a soccer field at the Bullis school site. The area is in poor condition and they are trying to establish capital improvement costs for the field but she believes that a well-run program could be self-sustaining and provide income from leases. For the fall, they are working on a year round riding program.

8. STAFF REPORTS

8.1 City Manager

8.2 City Attorney

8.3 City Clerk

8.3.1 Report on Council Correspondence

9. COUNCIL-INITIATED ITEMS

10. PRESENTATIONS FROM THE FLOOR

MOTION SECONDED AND CARRIED: Moved by O'Malley, seconded by Fenwick and passed unanimously to limit the length of time for public comments to three minutes.

Nancy Horton, 26030 Altamont Road, addressed Council. She explained that she was requesting assistance from Council to pay for the drainage system she installed to protect Altamont Lane. Horton developed Altamont Lane 19 years ago and had not experienced any problems until Silent Hills Lane was built. She discussed the problem with Town staff. Horton said the City Engineer agreed that there might be a potential problem but that the Town had no available funds for repair. Horton elected to continue moving

forward without Town's support by hiring an engineer and underwriting the repairs and looking to the Town for assistance when funding was available. Horton concluded by saying she would appreciate any monetary assistance the Town could give to help with the repairs.

Mark Helton, Civil Engineer with Guiliani & Kull, clarified that his firm had designed the remediation plan in conjunction with the Town staff to correct the drainage problem at the corner of Altamont Lane and Altamont Road. A sub drain was installed up Altamont Lane to Silent Hills Lane to catch the water and stabilize the situation and to prevent the undermining of the base rock underneath the road.

Nobuku Cleary, 26410 Silent Hills Lane, explained that she will be directly affected by the action taken by Council this evening regarding this issue and she hoped that Council would agree to reimburse Ms. Horton for her expenses. She and her husband have been asked to participate in the costs of the repair if the Town denies Ms. Horton's request. Cleary added that the improvements were done by the developer not by the property owners.

Jim Abraham, 12831 Viscaino Road, requested that Council consider denying Comcast the right to place large equipment storage containers throughout Town as a part of their upgrade program. The units are large and unsightly and very visible from utility poles.

11. PUBLIC HEARINGS

11.1 Adoption of the Proposed Operating and Capital Improvement Program Budgets, Fiscal Year 2003-2004

Administrative Services Director Sarah Joiner introduced this item to Council noting that Council had before them two budget proposals for consideration. The first version was presented to Council on May 1, 2003 during a joint study session with the Finance and Investment Committee. The second version includes recommendations of the Finance and Investment Committee made during its meeting of May 27, 2003. Council is being asked to adopt one of the versions with or without modifications. Joiner prefaced her remarks by saying that the State budget has not yet been adopted but is expected to be adopted in the near future. After the State budget is adopted, staff will have more information on funding changes that can be expected from the State. Following analysis of the impact to the Town's finances, an updated budget will be forwarded to Council in August for consideration. Joiner added that she expected Council to receive funding requests from various Town committees this evening that are not included in either version of the budget before Council and she suggested that Council receive the requests but delay acting until a revised budget is submitted in August.

Joiner proceeded to explain the differences between the two budget versions being considered:

Version 1 – Cost of living increases were given to employees and street capital improvement projects were appropriated at a cost of \$908,000.

Version 2 –Cost of living increases for fiscal years 2003 and 2004 were eliminated and street capital improvement projects were reduced by \$344,000. This version also

included an appropriation for the new Town Hall design phase in the amount of \$325,000.

Joiner added that if the FIC Budget Version 2 is adopted, she would recommend that Council consider revisiting the CPI increases for staff when Town's finances are better understood to ensure that the Town remains competitive in the municipal workforce. Joiner also suggested Council consider restoring the funding for street projects so that the cost of improvements don't escalate at a future time.

Joiner noted that her staff report includes attachments of budget requests from the Information Technology Ad-Hoc Committee requesting \$107,600 and from the Undergrounding Committee with their original request of \$15,717 - \$28,117 that has been increased this evening to approximately \$40,000. Joiner had asked each Chair of the Town's Standing Committees to submit requests to Council for any budget revisions at this evening's meeting.

Mayor Pro Tem O'Malley requested clarification from Joiner regarding the inclusion of additional funding requests from Committees in the Budgets before Council. Joiner acknowledged the requests had not been included.

OPENED PUBLIC HEARING

Rebecca Hickman, Parks and Recreation Committee Co-Chair – 26500 Purissima Road, reported that her Committee is transitioning from a volunteer run program to a Department managed by Parks and Recreation Supervisor Jimmy Forbis. At this time, the Recreation program is self-sufficient and the Committee is not requesting any changes to their budget. However, in the future, they will most likely require additional funding. They are looking into land use for recreation and park development and are investigating the availability of park bonds.

Jimmy Forbis, Parks and Recreation Supervisor, addressed Council. The budget that has been proposed is sufficient for the upcoming year and offers flexibility for his new Department. Forbis explained that until the desires of the community are better understood, his department would operate in a responsive mode rather than being proactive in developing programs.

CLOSED PUBLIC HEARING

Mayor Pro Tem O'Malley reported that he had attended the Finance and Investment Committee Meeting of May 27, 2003. The Committee had echoed some of the concerns of Councilmember Kerr about the appropriateness of deficit spending not knowing what the impact of the State's budget will be. However, the Town has \$5 million in general reserves and is a well-managed, fiscally disciplined organization. The Committee determined that emulating many of the Valley's companies, which are freezing employee raises and even reducing salaries, by postponing staff's cost-of-living increase was a frugal action. The cost of salaries will not increase, however benefit costs will increase and this will continue to escalate the personnel cost. O'Malley added he was sorry it was necessary to take this action. He noted that the Town was fortunate to have such a good, responsive staff though he can agree with the Finance Committee's caution until the

State's budget is known, he would like to revisit the cost of living salary adjustment for Town staff in six months.

O'Malley noted that the major issues in the budget for the Town are (1) street repairs and rehabilitation and (2) funding for the new Town Hall. O'Malley explained Version 2 of the budget reduces the street funding by approximately \$300,000 and includes \$325,000 for architect fees for the Town Hall.

O'Malley explained that the Town is presently performing street repairs on an annual basis using a rotating system that ensures the roads do not slip into major disrepair. This has been a very cost effective method of keeping the Town's infrastructure in good condition. O'Malley noted that both he and Finance and Investment Chair, Frank Lloyd are concerned that the Town by not continuing with the street rehabilitation program, it will cost the Town more in the future to repair the roads. O'Malley said he could concur with the reduction of the funding for streets but could not add any additional funding for the Undergrounding and IT Committees with the exception of the copier.

Councilmember Kerr reported that he had also attended the Finance and Investment Committee budget review meeting of May 27, 2003. He agreed that the cost of the new Town Hall had not been included in the budget, but noted that \$3.5 million had been approved by Council for funding. The Committee did allocate \$325,000 in Version 2 for Architectural costs that would be charged out during the course of the next 12 months. Kerr stated his personal goal had been to keep the Town's operating budget at a "break even" prior to finding out what cuts would be coming from the State. This would permit the Town to make the necessary adjustment and cuts from a good starting point.

Councilmember Fenwick stated that it is important to remember that it is impossible to be precise when you are dealing with the unknown. At this time, the Finance and Investment Committee's budget Version 2 is acceptable. Town has operated with a surplus for years and we are in a very fortunate position and should not worry about balancing the budget.

Mayor Cheng stated that most of the Town's reserves are allocated for specific projects, for example, roads and the new Town Hall. She would not like to use these funds for operating expenses. Cheng added that she would like to revisit the budget after the State adopts their budget. She concurred with O'Malley that she is saddened that staff will not be receiving a cost-of-living increase but when Council revisits the budget this can be reviewed.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by O'Malley and passed by the following roll call vote: to adopt the Operating and Capital Improvements Program Budgets for Fiscal Year 2003-2004 Version 2 recommended by the Finance and Investment Committee at their May 27, 2003 meeting with the amendment to direct staff to acquire a copier to be financed at staff's discretion.

AYES: Mayor Cheng, Mayor Pro Tem O'Malley, Councilmembers Fenwick and O'Malley.

NOES: None

ABSENT: Councilmember Warshawsky

ABSTAIN: None

Council adjourned to Closed Session at 8:35 pm.

12. CLOSED SESSION

CLOSED SESSION: Conference with legal counsel pursuant to Government Code Section 54956.9 regarding a potential claim by Nancy Horton against the Town.

CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: Government Code Section 54956.9(a): Campbell and Ligeti v. Town of Los Altos Hills

The City Council reconvened to the Regular City Council meeting at 8:55 pm.

First Closed Session Item: The City Council by a 4-0 vote voted to reject the claim filed by Nancy Horton.

Second Closed Session Item: The City Council provided direction to staff and no action was taken.

13. ADJOURNMENT

The Regular City Council Meeting of June 19, 2003 was adjourned at 8:55pm.

Respectfully Submitted,

Karen Jost
City Clerk

The minutes of the Regular City Council Meeting of June 19, 2003 were approved as amended at the July 17, 2003 Regular City Council Meeting.